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U.S. Army Tank-automotive and Armaments Command

Performance Risk

Evaluation of

Past Performance

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PAST PERFORMANCE - WHAT IS IT?

- **AMC Pamphlet 715-3 "Contracting for Best Value":**
  See Appendix D - Guidelines for Evaluating Past Performance in Source Selection
- **Proposal Risk vs. Performance Risk**
  - **Proposal Risk: Risks Associated with the Offeror's Proposed Approach in Meeting the Requirements of the Solicitation.**
  - **Performance Risk: Risks Associated with an Offeror's Likelihood of Success in**

STANDARD PAST PERFORMANCE RATING MATRIX

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RISK RATING	ADJECTIVAL RATING	RISK LEVEL
VERY LOW	EXCELLENT	ESSENTIALLY NO DOUBT OFFEROR WILL PERFORM
LOW	GOOD	LITTLE DOUBT OFFEROR WILL PERFORM
MODERATE	ADEQUATE	SOME DOUBT OFFEROR WILL PERFORM
HIGH	MARGINAL	SUBSTANTIAL DOUBT OFFEROR WILL PERFORM
VERY HIGH	POOR	EXTREME DOUBT OFFEROR WILL PERFORM
UNKNOWN	NONE	LITTLE OR NO RELEVENT PAST PERFORMANCE UPON WHICH TO BASE A MEANINGFUL PERFORMANCE RISK PREDICTION - OFFEROR NOT EVALUATED FAVORABLY OR

Performance Risk vs Responsibility Determination

- **Responsibility Determination: CAN the Offeror Successfully Perform the Contract IAW FAR 9.104**
  - **PCO Responsibility Determination is Go/No Go**
  - **Non-Responsible Offerors are Ineligible for Contract Award**
  - **Small Business Offerors can Petition SBA for "COC" Override in the Event of a Negative Responsibility Determination**
- **Performance Risk: Likelihood Offeror WILL Successfully Perform as Indicated by its Record of Current/Past Performance**
  - **Risk Assessment Based on Probability of Success**
  - **Not a Go/No Go Judgement**
  - **Small Business are not Subject to "COC"**

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What is Performance Risk

Record of Past Performance	+	Relevance of Past Performance	=	Performance Risk

Importance of Relevance/Recency

- **Past Performance Assesses Performance Risk Considering both:**
  - **Prior Contract Performance**
  - **Relevance/Recency of Prior Contract Performance**

Example 1

Offeror	Prior Contract Performance			Relevance/Recency of Prior Contract Performance			Performance Risk Rating
	Contract 1	Contract 2	Contract 3	Contract 1	Contract 2	Contract 3	
A	Excellent	Excellent	Excellent	Highly	Highly	Limited	Excellent/ Very Low Risk
B	Excellent	Excellent	Excellent	Limited	Limited	Limited	Adequate/ Moderate Risk

Importance of Relevance/Recency

Example 2

Offeror	Prior Contract Performance			Relevance/Recency of Prior Contract Performance			Performance Risk Rating
	Contract 1	Contract 2	Contract 3	Contract 1	Contract 2	Contract 3	
A	Adequate	Adequate	Excellent	Limited	Limited	Highly	Excellent/ Very Low Risk
B	Excellent	Excellent	Good	Limited	Limited	Highly	Good/Low Risk

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Basic Evaluation Steps

- **Seven Step Evaluation Methodology**
- **Step 1 - Establish Each Offerors Proposed Approach to Contract Performance**
- **Step 2 - Search for all Current/Prior Contracts, Performed within the Last 3 Years, which are Relevant to the Offerors Proposed Performance Approach**
- **Step 3 - Select, for Past Performance Investigation, those Contracts whose Combination of Relevance and Recency will Best Predict the**

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Basic Evaluation Steps (Continued)

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A FOUNDATION OF CONTINUED QUALITY

- **Step 4 - Collect Independent Historical Performance Information on each Contract Selected for Investigation**
- **Step 5 - Conduct Meaningful Discussions/Clarifications with Offerors on Contracts Where Negative Past Performance Information Exists**
- **Step 6 - Obtain PCO/PM/etc Input on Offeror Responses to Step 5**
- **Step 7 - Prepare Past**

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OTHER PAST PERFORMANCE ISSUES

- **Evaluating Past Performance of Individuals**
- **Evaluation of Predecessor Companies**
- **Evaluation of Commercial Contracts**
- **Discussion of Negative Past Performance**
- **Prototype to Production Buys - Evaluate Both**